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VINDA INTERNATIONAL HOLDINGS LIMITED

維達國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3331)

CONNECTED TRANSACTION

The Board is pleased to announce that Fu An has agreed to sell and the Company has agreed to acquire the Sale Shares, representing 39% of the issued share capital of the Target Company at a consideration of HK\$195,000,000 which shall be paid by the Company to Fu An in cash on the Completion Date.

As a result of the Offer, each of Cathay Capital and Dynasty Fortune has elected to exercise the tag-along rights granted to it under the Investment and Shareholders' Agreement. Accordingly, the Company shall also acquire the Tag-along Shares, representing 20% of the issued share capital of the Target Company, at a total consideration of HK\$100,000,000 which shall also be paid by the Company to Cathay Capital and Dynasty Fortune in cash on the Completion Date.

The Target Company is indirectly owned as to 41% by the Company as at the date of this announcement and is an associated company of the Company. Upon Completion, the Company shall indirectly own the entire issued share capital of the Target Company which shall become an indirect wholly-owned subsidiary of the Company.

As Fu An is a Substantial Shareholder of the Company, Fu An is regarded as a Connected Person of the Company. Dynasty Fortune is a private equity fund and a limited partnership. As the general partner of Dynasty Fortune is owned as to 50% by a company which in turn is owned as to 74.21% by Mr. LI Chao Wang, the chairman and executive director of the Company, Dynasty Fortune is regarded as a Connected Person of the Company. In this circumstances, the Acquisition constitutes a connected transaction of the Company. Since each of the applicable percentage ratios (other than the profits ratio) calculated with reference to the consideration for the Acquisition payable by the Company is less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 16 December 2010 in relation to the investment in the Target Company by the Company and the announcement of the Company dated 27 March 2014 in relation to the strategic review of the Group. As at the date of this announcement, the Target Company is indirectly owned as to 41% by the Company as to 39% by Fu An, as to 13% by Cathay Capital and as to 7% by Dynasty Fortune.

THE ACQUISITION

On 10 June 2014, Fu An served the Notice of Offer to the Company, Dynasty Fortune and Cathay Capital, the shareholders of the Target Company, pursuant to the provisions of the Investment and Shareholders' Agreement offering to sell the Sale Shares.

On 2 July 2014 after trading hours, the Company served the Notice of Acceptance to Fu An indicating its intention to acquire all the Sale Shares.

On 2 July 2014, the Company was notified by Fu An that each of Cathay Capital and Dynasty Fortune served a notice in writing to Fu An on 30 June 2014 informing Fu An of its intention to exercise the tag-along rights granted to it under the Investment and Shareholders' Agreement to sell all the shares of the Target Company held by it to the purchaser(s) of the Sale Shares on the same terms and conditions as contained in the Notice of Offer.

On 3 July 2014, Fu An confirmed to the Company in writing that it shall sell all the Sale Shares to the Company.

On 3 July 2014, the Company served a written confirmation to each of Cathay Capital and Dynasty Fortune that the Company shall acquire the Tag-along Shares on the same terms and conditions as contained in the Notice of Offer.

Parties in relation to the Acquisition

Vendors : Fu An, for the Sale Shares

Cathay Capital, for the Cathay's Tag-along Shares

Dynasty Fortune, for the Dynasty's Tag-along Shares

Purchaser : the Company (the Company shall nominate Vinda Household to take up the Sale Shares and Tag-along Shares to be transferred by Fu An, Cathay Capital and Dynasty Fortune at Completion)

Assets to be acquired

Sale Shares

Fu An has agreed to sell and the Company has agreed to acquire the Sale Shares, which represent 39% of the issued share capital of the Target Company free from all encumbrances at a consideration of HK\$195,000,000 at Completion.

Tag-along Shares

(1) Cathay's Tag-along Shares

Total number of shares of the Target Company owned by Cathay Capital 32,500,000 shares, representing 13% of the issued share capital of the Target Company

Consideration: HK\$65,000,000

(2) Dynasty's Tag-along Shares

Total number of shares of the Target Company owned by Dynasty Fortune 17,500,000 shares, representing 7% of the issued share capital of the Target Company

Consideration: HK\$35,000,000

Dynasty Fortune is a private equity fund and a limited partnership. As the general partner of Dynasty Fortune is owned as to 50% by a company which in turn is owned as to 74.21% by Mr. LI Chao Wang, the chairman and executive director of the Company, Dynasty Fortune is regarded as a Connected Person of the Company.

Cathay Capital is a private equity fund and a limited partnership. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Cathay Capital and its ultimate beneficial owners are third party(ies) independent of the Company and its connected person(s) (as defined under the Listing Rules).

Consideration

The total consideration for the Acquisition in the sum of HK\$295,000,000 (being HK\$195,000,000 for the Sale Shares and HK\$100,000,000 for the Tag-along Shares) shall be funded by the internal resources of the Company and satisfied by the Company in cash at Completion.

The consideration for the Sale Shares was proposed and offered by Fu An as set out in the Notice of Offer. In view of the Offer, and having considered (i) the financial performance of the Target Group; and (ii) the growth potential and prospects of the Target Group, the Company accepted and agreed to the total consideration for the Acquisition.

Completion

Completion shall take place on the Completion Date or at such other date as may be agreed between the parties.

Upon Completion, the Target Company shall become an indirect wholly-owned subsidiary of the Company and the financial results and financial position of the Target Group shall be consolidated in the financial statements of the Company.

As Fu An, Cathay Capital and Dynasty Fortune shall cease to be the shareholders of the Target Company at Completion, the Investment and Shareholders' Agreement shall cease to have any further effect from Completion.

INFORMATION ON THE TARGET GROUP

Corporate structure

The Target Company is a limited liability company incorporated under the laws of the British Virgin Islands on 2 July 2009 and an investment holding company.

As at the date of this announcement, the Target Company owns the entire issued share capital of V-Care (China), a limited investment holding company incorporated under the laws of Hong Kong, which in turn owns the entire equity interest of V-Care (PRC), a limited liability company incorporated under the laws of the PRC and the operating subsidiary of the Target Group. The Target Company also owns the entire issued share capital of V-Care (Hong Kong).

The Target Group through V-Care (PRC), its operating subsidiary in the PRC, engages in the business of production and distribution of disposable diapers and sanitary napkins under its self-owned brands in the PRC.

As at the date of this announcement, the Target Company is indirectly owned as to 41% by the Company and its equity accounted for as an associated company in the consolidated financial statements of the Company.

The shareholding structures of the Target Company (i) as at the date of this announcement; and (ii) upon Completion are as follows:

Shareholders of the Target Company	As at the date of this announcement		Upon Completion	
	<i>No. of shares of the Target Company</i>	<i>%</i>	<i>No. of shares of the Target Company</i>	<i>%</i>
Fu An	97,500,000	39	0	0
Vinda Household	102,500,000	41	250,000,000	100
Dynasty Fortune	17,500,000	7	0	0
Cathay Capital	<u>32,500,000</u>	<u>13</u>	<u>0</u>	<u>0</u>
Total:	<u>250,000,000</u>	<u>100</u>	<u>250,000,000</u>	<u>100</u>

As at the date of this announcement, Fu An, Dynasty Fortune and Cathay Capital have paid HK\$97,500,000, HK\$17,500,000 and HK\$32,500,000 respectively for the subscription of their respective number of shares of the Target Company.

Board composition

Upon Completion, all the directors appointed by Fu An, Cathay Capital and Dynasty Fortune to the boards of the Target Company and V-Care (China), shall resign and the Group shall take full control of the boards of the Target Group.

Financial information

Set out below is the unaudited consolidated financial information of the Target Group for the two financial years ended 31 December 2012 and 31 December 2013:

	For the year ended 31 December 2012	For the year ended 31 December 2013
	<i>HK\$</i>	<i>HK\$</i>
Profit/(loss) before taxation	(51,360,041)	(86,502,903)
Profit/(loss) after taxation	(38,637,258)	(64,372,901)

As at 31 December 2013, the unaudited consolidated net asset value of the Target Group was approximately HK\$143,311,443.

REASONS FOR THE ACQUISITION

Given the personal care segment has strong growth prospects in the PRC, the Acquisition will enable the Group to gain full control at both the shareholding and board levels of the Target Group, thereby allowing greater operational control. This would in turn allow the Group to fully enjoy the future growth and profitability of the Target Group. The Acquisition is also in line with the business strategy of the Company and shall improve the corporate governance of the Company regarding the Target Group.

The Company considers that the Acquisition is being conducted in the Group's ordinary and normal course of business. Given that the Acquisition was made on normal commercial terms, the Directors (including the independent non-executive Directors but excluding Mr. LI Chao Wang, Ms. YU Yi Fang and Mr. DONG Yi Ping) consider that the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Due to their respective interests in Fu An, Mr. LI Chao Wang, Ms. YU Yi Fang and Mr. DONG Yi Ping are regarded to be interested in the Acquisition, and thereby had abstained from voting at the meeting of the Board convened and held to approve the Acquisition.

REQUIREMENTS OF THE LISTING RULES

As Fu An is a Substantial Shareholder of the Company, Fu An is regarded as a Connected Person of the Company.

Dynasty Fortune is a private equity fund and a limited partnership. As the general partner of Dynasty Fortune is owned as to 50% by a company which in turn is owned as to 74.21% by Mr. LI Chao Wang, the chairman and executive director of the Company, Dynasty Fortune is regarded as a Connected Person of the Company.

The Acquisition constitutes a connected transaction of the Company. Since each of the applicable percentage ratios (other than the profits ratio) calculated with reference to the consideration for the Acquisition payable by the Company is less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The Group is principally engaged in the manufacturing of tissue paper products in the PRC and its principal products include toilet paper, paper handkerchiefs, facial tissue paper, paper napkins and wet wipes. Vinda Household is an investment holding Company incorporated in the British Virgin Islands and is principally engaged in the business of investment holding.

Fu An is an investment holding company incorporated in the British Virgin Islands and is principally engaged in the business of investment holding. Cathay Capital is a private equity fund and a limited partnership which is principally engaged in the business of investment holding with direct investment in the PRC. Dynasty Fortune is a private equity fund and a limited partnership which is principally engaged in the business of investment holding.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acceptance”	the acceptance of the Offer by the Company pursuant to the Notice of Acceptance
“Acquisition”	the acquisition of the Sale Shares by the Company from Fu An pursuant to the Offer and the Acceptance and the acquisition of the Tag-along Shares
“associated company”	has the meaning ascribed to it under the Companies Ordinance (Cap. 622)
“Board”	the board of directors of the Company
“Cathay Capital”	Cathay Capital Holdings II, L.P., a private equity fund and limited partnership registered under the laws of Cayman Islands
“Cathay’s Tag-along Shares”	32,500,000 Shares of HK\$1.00 each in the issued share capital of the Target Company, representing 13% of the issued share capital of the Target Company, to be sold by Cathay Capital to the Company pursuant to the exercise of the tag-along rights under the Investment and Shareholders’ Agreement
“Company”	Vinda International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3331)
“Completion”	completion of the Acquisition
“Completion Date”	10 July 2014, being the date of the Completion
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company

“Dynasty’s Tag-along Shares”	17,500,000 Shares of HK\$1.00 each in the issued share capital of the Target Company, representing 7% of the issued share capital of the Target Company to be sold by Dynasty Fortune to the Company pursuant to the exercise of the tag-along rights under the Investment and Shareholders’ Agreement
“Dynasty Fortune”	Dynasty Fortune Partners, L.P., a private equity fund and limited partnership registered in the British Virgin Islands
“Fu An”	Fu An International Company Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a Substantial Shareholder of the Company, is owned as to 74.21% by Mr. LI Chao Wang, 15.79% by Ms. YU Yi Fang and 10.00% by Mr. DONG Yi Ping, three executive Directors as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment and Shareholders’ Agreement”	the investment and shareholders’ agreement dated 16 December 2010 entered into between the Company, Fu An, Dynasty Fortune, Cathay Capital and the Target Company in relation to the shareholders investment in the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notice of Acceptance”	the notice of acceptance in respect of the Notice of Offer of the Target Company issued by the Company on 2 July 2014
“Notice of Offer”	the notice of offer for sale of the Sale Shares of the Target Company issued by Fu An to each of the shareholders of the Target Company on 10 June 2014
“Offer”	the offer for sale of the Sale Shares by Fu An to each of the shareholders of the Target Company (other than Fu An) in accordance with the terms and conditions of the Notice of Offer
“PRC”	the People’s Republic of China (excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
“Sale Shares”	97,500,000 shares of HK\$1.00 each in the issued share capital of the Target Company, representing 39% of the issued share capital of the Target Company, to be sold by Fu An to the Company pursuant to the Offer
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules

“Tag-along Shares”	collectively, Cathay’s Tag-along Shares and Dynasty’s Tag-along Shares
“Target Company”	V-Care Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiaries
“V-Care (China)”	V-Care China Limited (維安潔護理用品有限公司), a company incorporated under the laws of Hong Kong and is wholly-owned by the Target Company as at the date of this announcement
“V-Care (Hong Kong)”	V-Care Hong Kong Limited (維安潔護理用品(香港)有限公司), a company incorporated under the laws of Hong Kong and is wholly-owned by the Target Company as at the date of this announcement
“V-Care (PRC)”	V-Care (China) Ltd. (維安潔護理用品(中國)有限公司), a limited liability company incorporated under the laws of the PRC and is indirectly wholly-owned by the Target Company as at the date of this announcement. It is the operating subsidiary of the Target Group in the PRC
“Vinda Household”	Vinda Household Paper (China) Limited (維達生活用紙(中國)有限公司), a company incorporated under the laws of British Virgin Islands with limited liability and is wholly-owned by the Company as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of
Vinda International Holdings Limited
ZHANG Dong Fang
Executive Director and Chief Executive Officer

Hong Kong, 7 July 2014

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. LI Chao Wang

Ms. YU Yi Fang

Ms. ZHANG Dong Fang

Mr. DONG Yi Ping

Non-executive Directors:

Mr. Jan Christer JOHANSSON

Mr. Jan Lennart PERSSON

Mr. Johann Christoph MICHALSKI

Mr. Ulf Olof Lennart SODERSTROM

Independent Non-executive Directors:

Mr. KAM Robert

Mr. HUI Chin Tong, Godfrey

Mr. TSUI King Fai

Alternate Directors:

Ms. LI Jielin (alternate to Mr. LI, Ms. YU and Mr. DONG)

Mr. CHIU Bun (alternate to Mr. MICHALSKI and Mr. SODERSTROM)

Mr. Gert Mikael SCHMIDT (alternate to Mr. JOHANSSON and Mr. PERSSON)